BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF SOUTH CAROLINA

Petition of Verizon South Inc. for Arbitration of an Amendment to Interconnection Agreements with Competitive Local Exchange Carriers and Commercial Mobile Radio Service Providers in South Carolina Pursuant to Section 252 of the Communications Act of 1934, as Amended, and the *Triennial Review Order*

Docket No. 2004-___-C

PETITION FOR ARBITRATION OF VERIZON SOUTH INC.

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PETITION FOR ARBITRATION OF VERIZON SOUTH INC.

In this petition, Verizon South Inc. ("Verizon") respectfully requests that the South Carolina Public Service Commission ("Commission") initiate a consolidated arbitration proceeding to amend the interconnection agreements between Verizon and each of the competitive local exchange carriers ("CLECs") and, to the extent that their current interconnection agreements provide for access to unbundled network elements ("UNEs"), each of the Commercial Mobile Radio Service ("CMRS") providers in South Carolina. The amendment that Verizon proposes implements the changes in incumbents' network unbundling obligations promulgated in the Federal Communications Commission's ("FCC") *Triennial Review Order*. This petition is filed

¹ A list of these CLECs and CMRS providers is attached hereto as Exhibit 1. This petition refers to these CLECs and CMRS providers, collectively, as CLECs. By filing this petition, Verizon seeks to amend only those agreements that require Verizon to provide UNEs. Out of an abundance of caution, and without waiving any rights with respect to whether a particular agreement requires Verizon to provide UNEs, Verizon has included in Exhibit 1 some carriers with agreements that contain terms referring to, but not necessarily requiring Verizon to provide, UNEs. Verizon is willing to discuss with individual carriers whether they should be removed from Exhibit 1 in light of the terms contained in their individual agreements. Verizon reserves the right to revise Exhibit 1 to

pursuant to the transition process the FCC established in that order. As explained below, Verizon's draft amendment, which is attached hereto as Exhibit 2, tracks the FCC's binding determinations and should be approved.

BACKGROUND

On August 21, 2003, the FCC released its *Triennial Review Order*. In that order, the FCC promulgated rules governing the scope of incumbents' obligations to provide competitors access to UNEs. These rules replace the rules that the Court of Appeals for the District of Columbia Circuit had vacated in *USTA v. FCC*. See *Triennial Review Order*, 18 FCC Rcd at 17406, ¶ 705. Among other things, the new rules establish binding *limitations* on incumbents' obligation to make UNEs available — limitations that are critical to achieving the pro-competitive goals of the federal Act. However, in certain respects — in particular with regard to the combinations of unbundled loops and transport known as "EELs" — the new rules are generally more generous to CLECs than the rules they replace.

The FCC also set forth the procedures for incumbents and CLECs to follow in implementing those new rules. The *Triennial Review Order* provides that incumbents and CLECs must use § 252(b) as the "timetable for modification" of agreements.⁴

remove any carriers with agreements that Verizon may determine do not require an amendment.

² Report and Order and Order on Remand and Further Notice of Proposed Rulemaking, *Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, 18 FCC Rcd 16978 (2003) ("*Triennial Review Order*" or "TRO"), *petitions for mandamus and review pending, United States Telecom Ass'n v. FCC*, Nos. 00-1012, 00-1015, 03-1310 *et al.* (D.C. Cir.).

³ 290 F.3d 415 (D.C. Cir. 2002), cert. denied, 538 U.S. 940 (2003).

⁴ Many, if not all, of Verizon's interconnection agreements with CLECs permit Verizon to cease providing services, including access to UNEs, once applicable law no

Triennial Review Order, 18 FCC Rcd at 17405-06, ¶¶ 703-704. For purposes of the negotiation and arbitration timetable set forth in that section, "negotiations [are] deemed to commence upon the effective date of th[e] Order," which was October 2, 2003. *Id.* at 17405-06, ¶¶ 703-704 & n.2086. Negotiations between Verizon and each of the CLECs in [state] in fact commenced on that date, because on October 2, 2003, Verizon sent a letter to each CLEC initiating such negotiations and proposed a draft amendment to implement the rules promulgated in the FCC's Order. *See* Exh. 3.⁵

longer requires Verizon to provide such services. Some of those agreements require Verizon to provide a specified amount of advance notice of the discontinuance, such as 30 days. In an October 2, 2003 notice, which Verizon sent to all CLECs in South Carolina, Verizon provided CLECs with such notice of its intent to discontinue providing access to the UNEs listed therein. See Exh. 3. Verizon has since undertaken cooperative efforts with CLECs to provide wholesale services as a substitute for UNEs that Verizon is no longer required to provide on an unbundled basis. By filing this petition, Verizon does not waive any rights it may have under the terms of existing interconnection agreements to cease providing access to these UNEs. With respect to those agreements, Verizon proposes the draft amendment attached to this petition not to establish, in the first instance, its right to cease providing access to such UNEs, but to carry that right forward in an amendment that also implements changes with respect to other UNEs to which Verizon must continue to provide access. Verizon also notes that, to the extent any existing agreement contains change-of-law provisions that are triggered by "legally binding intervening law or final and unappealable [judicial] orders," the FCC has held that its Order triggered such provisions, regardless of whether there are pending appeals of that Order. Triennial Review Order, 18 FCC Rcd at 17406, ¶ 705 (internal quotation marks omitted).

⁵ The draft amendment that Verizon proposes here differs in minor respects from the version attached to its October 2, 2003 letter. Other than grammatical and typographical corrections and minor clarifications, the main substantive change is the inclusion of a new § 3.8.3, which responds to the Fifth Circuit's November 21, 2003 decision in *Coserv Ltd. Liability Corp. v. Southwestern Bell Tel. Co.*, 350 F.3d 482 (5th Cir. 2003), in which that court held that issues that are not related to "duties required of an ILEC by § 251(b) and (c)" are not "subject to compulsory arbitration under § 252(b)(1)," unless "parties have voluntarily included [such issues] in negotiations," *id.* at 487. Consistent with that decision, § 3.8.3 provides that negotiations between Verizon and a CLEC regarding the terms on which Verizon will provide a service, facility, or arrangement, as a substitute for one that Verizon no longer has the obligation to provide under § 251(b) or (c), will not occur as part of the § 252 arbitration process under the 1996 Act. In addition, the October 2, 2003 draft of the TRO Attachment, which was not

Since Verizon sent its October 2, 2003 notice, some CLECs have signed Verizon's draft amendment, without substantive changes. Of the remaining CLECs in South Carolina, virtually none provided a timely response to Verizon's October 2, 2003 notice and draft amendment. In fact, Verizon (and its affiliates that provide local exchange service in other jurisdictions) received the majority of the substantive responses to the draft amendment within the past two to four weeks — that is, more than three, and in some cases four, months after Verizon made the draft amendment available to CLECs. Notably, some of these responses constitute a virtual wholesale rejection (and rewrite) of the amendment. Given the general untimeliness of the CLECs' responses — as well as, in many cases, the unreasonable nature of the counterproposals — the parties thus far have not reached agreement on many (and, in most cases, any) of the substantive issues. Verizon will continue to work with CLECs in good faith in an attempt to resolve as many issues as possible without the need for the Commission's intervention.

Verizon is filing this petition pursuant to the arbitration window (February 14, 2004 to March 11, 2004) established by 47 U.S.C. § 252(b)(1) and the FCC's *Triennial Review Order*. See 18 FCC Rcd at 17405, ¶ 703. As in any arbitration conducted under § 252, and as the *Triennial Review Order* provides, a ruling is required by the Commission on Verizon's petition within nine months of October 2, 2003, *i.e.*, by July 2, 2004. *Id.* (citing 47 U.S.C. § 252(b)(4)).

Verizon recognizes that, on January 28, 2004, the D.C. Circuit heard oral argument in a case in which both incumbents and CLECs challenged various portions of

specific to any jurisdiction, included provisions regarding the subloop UNE that Verizon has determined do not apply in South Carolina and that have been deleted from the draft amendment attached to this petition.

the *Triennial Review Order*. In addition, there are petitions for reconsideration of that order, filed by various parties, pending before the FCC. It is likely that, before the conclusion of this arbitration, a decision will be issued in one or both of these proceedings — or in some other proceeding — that will modify the legal requirements established in the *Triennial Review Order*. In that event, Verizon will modify its draft amendment accordingly. However, because the *Triennial Review Order* establishes a specific procedure for amending existing agreements — with an arbitration window that opened on February 14 and that may close before any such decision is issued — Verizon is filing this petition now, based on current federal law.

DISCUSSION

As a general matter, the current interconnection agreements between Verizon and CLECs in South Carolina describe in detail the terms and conditions governing competitors' access to particular UNEs. Verizon's draft amendment to those agreements would clarify the scope of Verizon's obligation to provide access to UNEs (and CLECs' rights to obtain such access) in a manner consistent with the rules promulgated in, and the terms of, the FCC's *Triennial Review Order*. The amendment would thus ensure that all of the interconnection agreements in South Carolina are brought into conformity with present law. The amendment also would do so in an efficient manner, by avoiding the need to distinguish among interconnection agreements based on, for example, different section numbering or defined terms already in those agreements. *See*, *e.g.*, 47 U.S.C. § 252(g) (permitting state commissions to "consolidate proceedings" under § 252, "[w]here not inconsistent with the requirements of the Act," to "reduce administrative burdens on telecommunications carriers . . . and the State commission"). Thus, the amendment will bring the agreements into conformity with present law in a manner that

does not waste the parties' (or the Commission's) resources on needless technical drafting efforts.

In this section, Verizon discusses the FCC's rules, element by element, and describes the language that Verizon has proposed to implement the FCC's directives. These changes are not limited to those that cut back on Verizon's obligations. In those cases where the FCC's new rules work to Verizon's disadvantage, Verizon has included language to ensure that the agreements are consistent with federal law. In sum, Verizon's amendment would ensure that existing agreements are comprehensively modified to bring them into accordance with the requirements of federal law — just as the FCC has mandated.⁶

In addition, Verizon notes that, to the extent that CLECs are continue to rely on UNEs for which Verizon's legal unbundling obligation has been removed, they may purchase Verizon's commercial, non-UNE (*i.e.*, non-§ 251) offerings for many of the wholesale services they may wish to use to provide service to retail end-users. The terms of those offerings are outside the scope of this proceeding.

I. Amendment Terms and Conditions

Verizon's amendment provides that existing interconnection agreements should be modified as set forth in the "TRO Attachment," which contains the specific provisions implementing the FCC's rulings in the *Triennial Review Order*, and the "Pricing Attachment," which contains prices for elements or services that Verizon is required to provide for the first time under the terms of the *Triennial Review Order*. *See* Amendment

⁶ The amendment should also apply to any interconnection agreements that ultimately result from arbitration proceedings that may currently be pending before the Commission, to ensure that such agreements also conform to the legal requirements promulgated in the *Triennial Review Order*.

§§ 1-2, 5. The amendment also acknowledges that certain provisions of the FCC's *Triennial Review Order* are currently subject to an appeal before the D.C. Circuit. *See id.* § 6. In the event that the D.C. Circuit or the Supreme Court stays any provisions of the *Triennial Review Order*, any terms and conditions in the TRO Attachment or the Pricing Attachment that relate to the stayed provisions shall be suspended, and have no force or effect, until such stay is lifted. *See id.* In the event that either court reverses any provisions of the *Triennial Review Order*, any terms and conditions in the TRO Attachment or the Pricing Attachment that relate to the reversed provisions shall be voidable at the election of either party to the amended agreement. *See id.*

II. General Conditions (TRO Attachment § 1)

Verizon's amendment begins with a section describing generally the conditions under which CLECs have a right to obtain access to UNEs. The amendment provides that Verizon will provide CLECs with access to UNEs, including UNEs commingled with wholesale services, to the extent required by federal law, *see* TRO Attachment § 1.1, and only for those purposes contemplated by federal law, *see id.* § 1.2. If Verizon is ever required to offer additional UNEs or commingling arrangements under federal law, the prices will be those established in Verizon's tariffs or those reached through negotiation with individual CLECs. *See id.* § 1.3. Verizon also reserves the right to argue at some future date that a particular UNE mentioned in either the interconnection agreement or the amendment is no longer subject to unbundling at all. *See id.* § 1.4.

III. Glossary (TRO Attachment § 2)

Verizon's amendment contains a Glossary defining the terms used therein. The Glossary reflects the FCC's definitions of terms in the *Triennial Review Order*. For example, in the *Triennial Review Order*, the FCC defined the "dedicated transport" UNE

to include *only* "those transmission facilities within an incumbent LEC's transport network, that is, the transmission facilities between incumbent LEC switches." 18 FCC Rcd at 17203-04, ¶ 366. Accordingly, Verizon's Glossary limits "dark fiber transport" and "dedicated transport" to those facilities between Verizon's switches or wire centers. TRO Attachment §§ 2.2, 2.3. To take another example, the FCC defined "fiber-to-the-home" ("FTTH") loop as a "local loop consisting entirely of fiber optic cable (and the attached electronics), whether lit or dark fiber, that connects a customer's premises with a wire center (i.e., from the demarcation point at the customer's premises to the central office)." *Triennial Review Order*, 18 FCC Rcd at 17142, ¶ 273 n.802. Likewise, Verizon's Glossary defines "FTTH loop" as "[a] Loop consisting entirely of fiber optic cable, whether dark or lit, between the main distribution frame (or its equivalent) in an end user's serving wire center and the demarcation point at the end user's customer premises." TRO Attachment § 2.10.

IV. Loops (TRO Attachment § 3.1; see generally Triennial Review Order ¶¶ 197-342)

In the *UNE Remand Order*, which the D.C. Circuit vacated in *USTA*, the FCC held that loops, as a general matter, had to be unbundled:

We conclude that LECs must provide access to unbundled loops, including high-capacity loops, nationwide. We find that requesting carriers are impaired without access to loops, and that loops include high-capacity lines, dark fiber, line conditioning, and certain inside wire.

UNE Remand Order, 15 FCC Rcd at 3772, ¶ 165.

⁷ Third Report and Order and Fourth Further Notice of Proposed Rulemaking, *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, 15 FCC Rcd 3696, 3772, ¶ 165 (1999) ("*UNE Remand Order*") (subsequent history omitted).

In the *Triennial Review Order*, the FCC again found that copper, voice-grade (*i.e.*, DS0) loops must be unbundled and that the narrowband capabilities of incumbents' loops, whether copper, overbuilt fiber, or hybrid copper-fiber generally must be unbundled. 18 FCC Rcd at 17103, ¶¶ 198-199. At the same time, however, the FCC found that incumbents are not required to unbundle the broadband capabilities of those loops — including the packet switching functionality used to provide broadband service over those loops — because CLECs are not impaired without access to those broadband capabilities and because imposition of such obligations would discourage investment in advanced telecommunications capabilities by ILECs and CLECs. *Id.* at 17103-04, ¶ 200. The FCC's rules for loops also differ based on the capacity of the loop: thus, it eliminated unbundling for the highest capacity "OCn" loops and established tests for eliminating unbundling as to other high capacity loops (DS1, DS3, and dark fiber). *Id.* at 1704-05, ¶¶ 201-202.

As described below, Verizon has proposed modifications to the interconnection agreements to implement these changes in Verizon's obligation to provide access to unbundled loops.

A. High-Capacity Loops (TRO Attachment § 3.1.1; see generally Triennial Review Order ¶¶ 298-342)

In the *Triennial Review Order*, the FCC found that OCn-level loops need not be unbundled, because the record demonstrated that, nationwide, CLECs are not impaired without access to such loops. 18 FCC Rcd at 17168, ¶ 315. As to DS3 loops, the FCC made a nationwide finding of impairment, *see id.* at 17170-71, ¶ 320, but also held that this finding can be rebutted, in state commission proceedings, as to specific routes where competition exists or where the state commission finds that there is no impairment

because competition is possible, *see id.* at 17171, 17179, ¶¶ 321, 335. The FCC also limited the unbundling requirement to a "total of two DS3s per requesting carrier to any single customer location," *id.* at 17172, ¶ 324. With respect to DS1 loops, the FCC found impairment nationwide, *see id.* at 17173-74, ¶ 325, but permitted state commissions to find that there exist wholesale alternatives to UNEs that alleviate impairment, *id.* at 17175, ¶ 327. The FCC also found that CLECs are impaired without access to dark fiber loops, *id.* at 17164, ¶ 311, but again allowed state commissions to find that CLECs are not impaired based on self-deployment in any given market, *id.* at 17167, ¶ 314.

Pursuant to Verizon's draft amendment, CLECs could obtain unbundled access to DS1 and DS3 loops to the extent required by federal law. TRO Attachment §§ 3.1.1.1, 3.1.1.2. A CLEC, however, may obtain only two unbundled DS3 loops (or their equivalent) to any single end-user location. *See id.* § 3.1.1.2.1. Verizon's obligation to provide unbundled DS1 and DS3 loops to a specific end-user location will terminate if the Commission finds, pursuant to the procedures specified by the FCC, that there is no impairment on the route to that location. *See id.* § 3.1.1.3. Verizon's proposed language implements the FCC's new rules, and therefore should be adopted.

B. Fiber-to-the-Home ("FTTH") Loops (TRO Attachment § 3.1.2; see generally Triennial Review Order ¶¶ 273-284)

In the *Triennial Review Order*, the FCC held that "for those loops consisting of fiber from the central office to the customer premises, i.e., FTTH loops, we find no impairment on a national basis." 18 FCC Rcd at 17110, ¶ 211. As to "fiber loop overbuild situations" — that is, "where the incumbent LEC elects to retire existing copper loops" when it deploys fiber-to-the-home — the FCC found that the incumbent

LEC must "offer unbundled access to those fiber loops . . . for narrowband services only." *Id.* at 17142, ¶ 273.

Verizon's proposed terms are consistent with the rules limiting CLECs' access to FTTH loops. They provide that CLECs may not obtain unbundled access to a FTTH loop "where Verizon has deployed such a Loop to an end user's customer premises that previously was not served by any Verizon Loop." TRO Attachment § 3.1.2.1.

Additionally, where Verizon has replaced a copper loop with FTTH and there are no other available copper or hybrid loops, Verizon will provide "nondiscriminatory access on an unbundled basis to a transmission path from Verizon's serving wire center to the demarcation point at the end user's customer premises capable of voice grade service."

Id. § 3.1.2.2. Verizon's proposed language implements the FCC's new rules, and therefore should be adopted.

C. Hybrid Loops (TRO Attachment § 3.1.3; see generally Triennial Review Order ¶¶ 285-297)

In constructing modern loop systems, carriers often install "feeder plant" made of fiber. This fiber feeder carries traffic from the carrier's central office to a centralized location called a "remote terminal." From the remote terminal, traffic then travels over "distribution plant" (typically made of copper) to and from the actual customers. *Triennial Review Order*, 18 FCC Rcd at 17112, ¶ 216. The result is a "hybrid loop," i.e., those "local loops consisting of both copper and fiber optic cable (and associated electronics, such as DLC systems)." *Id.* at 17149, ¶ 288 n.832.

In the *Triennial Review Order*, the FCC "decline[d] to require incumbent LECs to unbundle the next-generation network, packetized capabilities of their hybrid loops to enable requesting carriers to provide broadband services to the mass market." *Id.* ¶ 288.

Nor do ILECs have to provide "unbundled access to any electronics or other equipment used to transmit packetized information over hybrid loops, such as the xDSL-capable line cards installed in DLC systems or equipment used to provide passive optical networking (PON) capabilities to the mass market." *Id.* The FCC limited ILECs' unbundling obligations to the "features, functions, and capabilities of hybrid loops that are *not* used to transmit packetized information." *Id.* ¶ 289 (emphasis added). Under the new rules, CLECs can gain access to unbundled hybrid loops for the purpose of providing narrowband (*i.e.*, traditional voice and fax) service to customers. *Id.* at 17153-54, ¶ 296.

The FCC also found that CLECs have a right to "obtain unbundled access to hybrid loops capable of providing DS1 and DS3 service to customers" based on time-division-multiplexing ("TDM") technology. *Id.* at 17152, ¶ 294.8 As the FCC explained, these high-capacity, "TDM-based services" are "generally provided to enterprise customers rather than mass market customers" and do not utilize packet switching, but instead have "high-capacity capabilities provided over the circuit switched networks of incumbent LECs." *Id.*

With respect to packet switching, whether used in conjunction with hybrid loops or otherwise, the FCC found, "on a national basis, that competitors are not impaired without access to packet switching, including routers and DSLAMs," and accordingly "decline[d] to unbundle packet switching as a stand-alone network element." *Id.* at 17321, ¶ 537 (footnotes omitted).

 $^{^8}$ TDM, or time-division multiplexing, allows a carrier to "combine multiple transmission paths onto a single cable." *Id.* at 17114, ¶ 220. "TDM provides a transmission path by dividing a circuit into time slots and providing a dedicated time slot to an end user for the duration of the call." *Id.*

To implement the FCC's new rules, Verizon has proposed language providing that CLECs will no longer be able to obtain unbundled access to the packet switching capability of any hybrid loop. *See* TRO Attachment § 3.1.3.1. CLECs will, however, be able to obtain unbundled access to the TDM functions of hybrid loops, *see id.* § 3.1.3.2, and will be able to access hybrid loops for the purpose of providing narrowband services, *see id.* § 3.1.3.3. CLECs will not be able to access the fiber feeder portion of a hybrid loop on a stand-alone basis. *See id.* § 3.1.3.4. Verizon's contractual language implements the FCC's new rules, and therefore should be adopted.

D. IDLC Hybrid Loops (TRO Attachment § 3.1.4; see generally Triennial Review Order ¶ 297)

Carriers use digital line carrier ("DLC") systems to aggregate the many copper subloops that are connected to a remote terminal location. At the remote terminal, a carrier multiplexes (*i.e.*, aggregate) such signals onto a fiber or copper feeder loop facility and transports the multiplexed signal to its central office. These DLC systems may be integrated directly into the carrier's switch (*i.e.*, Integrated DLC systems or "IDLC") or not (*i.e.*, Universal DLC systems or "UDLC"). As the FCC has explained, "Universal DLC systems consist of a 'central office terminal' and a 'remote terminal,' *i.e.*, a DLC system in the carrier's central office terminal mirrors the deployment at the remote terminal. By contrast, an Integrated DLC system does not require the use of a central office terminal because the DLC system is integrated into the carrier's switch (thus, the naming convention)." *Triennial Review Order*, 18 FCC Rcd at 17113, ¶ 217 n.667 (citation omitted).

In those cases where the ILEC is required to unbundle a loop for an end-user customer who is currently served over IDLC architecture, the FCC held that this should

be done "either through a spare copper facility or through the availability of Universal DLC systems," but that, "if neither of these options is available, incumbent LECs must present requesting carriers a technically feasible method of unbundled access." *Id.* at 17154, ¶ 297.

Accordingly, Verizon's proposed language provides that, where a CLEC seeks an unbundled loop to serve a customer who currently receives service through IDLC, the CLEC can gain access to voice-grade service, *see* TRO Attachment § 3.1.4, through either a copper loop or a UDLC facility, *see id.* § 3.1.4.1. If neither a copper loop nor a UDLC facility is available, Verizon will construct one at the CLEC's request and expense. *See id.* § 3.1.4.2. Verizon's proposed language implements the FCC's new rules, and therefore should be adopted.

E. Line Sharing (TRO Attachment § 3.2; see generally Triennial Review Order ¶¶ 255-263)

In the *Line Sharing Order*, the FCC directed incumbent LECs to provide requesting carriers unbundled access to the high-frequency portion of the local loop ("HFPL").⁹ This rule was vacated in *United States Telcom Ass'n v. FCC*, 290 F.3d 415, 429 (D.C. Cir. 2002), *cert. denied*, 538 U.S. 940 (2003).

In the *Triennial Review Order*, the FCC determined that CLECs are not impaired without unbundled access to the high-frequency portion of the loop and eliminated ILECs' obligation to provide access to line-sharing as a UNE. *Triennial Review Order*, 18 FCC Rcd at 17132-33, ¶ 255. The FCC also established a federal rule governing

⁹ Third Report and Order in CC Docket No. 98-147 and Fourth Report and Order in CC Docket No. 96-98, *Deployment of Wireline Services Offering Advanced Telecommunications Capability and Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, 14 FCC Rcd 20912 (1999) ("Line Sharing Order").

treatment of existing line-sharing arrangements and a transitional rule governing CLECs' right to establish new line-sharing arrangements. *Id.* at 17137-39, ¶¶ 264-265. Even as to those on-going obligations, the FCC reaffirmed that CLECs may obtain unbundled access to the HFPL only where "the incumbent LEC is providing, and continues to provide, analog circuit-switched voiceband services on the particular loop." *Id.* at 17140, ¶ 269.

As the FCC required, Verizon's proposed language contains a grandfathering period for existing line-sharing arrangements, *see* TRO Attachment § 3.2.1.2, and recognizes Verizon's obligation to offer new line-sharing arrangements pursuant to the FCC-established three-year transitional period, under a separate, non-§ 251 wholesale arrangement, *see id.* § 3.2.1.1. Otherwise, Verizon will have no obligation to provide line-sharing arrangements. *See id.* § 3.2.1.1. Verizon's language should therefore be adopted by the Commission.

V. Subloops (TRO Attachment § 3.3; see generally Triennial Review Order ¶¶ 253-254, 343-358)

In the *UNE Remand Order*, the FCC determined that CLECs would be impaired without access to the incumbent LECs' subloops. *UNE Remand Order*, 15 FCC Rcd at 3789, ¶ 205. The FCC also required incumbents to unbundle the network interface device ("NID"), which it defined to encompass any means of interconnection of the ILEC's distribution plant to customer premises wiring. Thus the FCC's rules required that ILECs permit a competitor to connect its own loop facilities to customer premises wiring through the ILEC's NID. *UNE Remand Order*, 15 FCC Rcd at 3802, ¶ 237; *see also* 47 C.F.R. § 51.319(a)(2).

In the *Triennial Review Order*, the FCC generally required "incumbent LECs to provide unbundled access to their copper subloops, *i.e.*, the distribution plant consisting of the copper transmission facility between a remote terminal and the customer's premises." *Triennial Review Order*, 18 FCC Rcd at 17131, ¶ 253. At the same time, ILECs do not have "to provide access to their fiber feeder loop plant on an unbundled basis as a subloop UNE." *Id.*¹⁰

With respect to distribution subloop facilities, ¹¹ Verizon's language allows CLECs to obtain access at a technically feasible access point located near a Verizon remote terminal. *See* TRO Attachment § 3.3.1. Verizon's proposed language makes clear, however, that Verizon is not required to provide access by removing a splice case to reach the wiring. *Id*. ¹²

Verizon's proposed language implements the FCC's new rules, establishing terms and conditions of subloop access, and should be adopted.

We define the copper subloop UNE as the distribution portion of the copper loop that is technically feasible to access at terminals in the incumbent LEC's outside plant (*i.e.*, outside its central offices), including inside wire. We find that any point on the loop where technicians can access the cable without removing a splice case constitutes an accessible terminal.

Id. at 17132, ¶ 254 (footnote omitted).

¹⁰ Specifically:

¹¹ That is, "[t]he copper portion of a Loop in Verizon's network that is between the minimum point of entry ("MPOE") at an end user customer premises and Verizon's feeder/distribution interface." TRO Attachment § [2.22 OR 2.21].

¹² As the FCC found, "We find that any point on the loop where technicians can access the cable *without removing a splice case* constitutes an accessible terminal." *Triennial Review Order*, 18 FCC Rcd at 17132, ¶ 254 (emphasis added).

VI. Circuit Switching (TRO Attachment § 3.4.1-3.4.2; see generally Triennial Review Order ¶¶ 419-532)

In the *UNE Remand Order*, the FCC generally required ILECs to provide access to unbundled local switching. *UNE Remand Order*, 15 FCC Rcd at 3822-31, ¶¶ 276-298. The only exception to that rule applied to carriers requesting access to switching for the purpose of serving customers with four or more DS0 (*i.e.*, voice-grade) loops in density zone one of the top fifty Metropolitan Statistical Areas. As to those customers, the FCC held that CLECs should not have access to unbundled switching (the so-called "four line carve out"). *Id.* at 3829, ¶ 294.

In the *Triennial Review Order*, the FCC found that "requesting carriers are not impaired without access to unbundled local circuit switching when serving . . . enterprise customers." 18 FCC Rcd at 17237, ¶ 419. The FCC also instituted a 90-day transition period to permit competing carriers to transition such customers to alternative service arrangements. *Id.* at 17318, ¶ 532.

With respect to mass market switching, the FCC found impairment (and required unbundling) on a nationwide basis. A state commission, however, is authorized to make a finding of non-impairment within the markets in that state. *Id.* at 17237, 17263-64, ¶¶ 419, 459-461. In addition, the FCC concluded that, where "transitional access" to unbundled switching might allay any impairment, state commissions must consider implementing a "rolling" access plan "rather than perpetuating permanent access to the switching element." *Id.* at 17310, ¶ 521. The FCC also readopted "the four-line 'carveout' from the unbundled local circuit switching obligation on an interim basis." *Id.* at 17312, ¶ 525.

Verizon's proposals are consistent with the FCC's requirements. CLECs are entitled to obtain unbundled access to mass-market circuit switching as required by federal law. *See* TRO Attachment § 3.4.1. CLECs may not, however, obtain unbundled circuit switching for providing service to enterprise customers or to any customers subject to the "four-line carve out" rule. *Id*.

The draft amendment follows the FCC's transitional rules for CLECs currently obtaining unbundled circuit switching to serve enterprise customers by allowing them 90 days to move their customers to alternative service arrangements. *See id.* § 3.8.1.2. In addition, Verizon's proposed language requires it to provide "at least thirty (30) days advance written notice of the date on which Verizon will cease provisioning Enterprise Switching" to any given CLEC. *Id.* Verizon also has offered to "continue provisioning Enterprise Switching to [the CLEC] under the terms of the Amended Agreement during a transitional period, which transitional period shall end on the date set forth in the notice." *Id.*

Finally, the draft amendment provides that Verizon's obligation to supply mass market switching will end (subject to any applicable "rolling access" plan) if the Commission issues a finding of non-impairment. *See id.* § 3.4.2.

Verizon's proposed language implements the FCC's new rules, and therefore should be adopted.

VII. Signaling/Databases (TRO Attachment § 3.4.3; see generally Triennial Review Order ¶¶ 542-560)

Under its previous rule, the FCC ordered ILECs "to provide requesting carriers with unbundled access to their signaling networks," which direct calls between switches or between switches and call-related databases. *UNE Remand Order*, 15 FCC Rcd at

3867, ¶ 383. It also required ILECs to provide unbundled access to the "Advanced Intelligent Network" platforms and call-related databases, which are "used in signaling networks for billing and collection or the transmission, routing, or other provision of telecommunications service," 15 FCC Rcd at 3875, ¶¶ 402-403.

In the *Triennial Review Order*, the FCC found that there are several competitive providers of signaling and database services. It therefore found that CLECs can obtain unbundled access to signaling and databases only where they have obtained unbundled circuit switching. 18 FCC Rcd at 17324, 17328-29, ¶¶ 544, 551.¹³

Verizon will therefore provide access to signaling and call-related databases as required by federal law — that is, only to the extent that Verizon is also providing local or tandem switching to the requesting carrier. *See* TRO Attachment § 3.4.3. Where local or tandem switching is no longer a UNE, the associated signaling facility or call-related database will be subject to the same transition plan as applies to switching. *See id.*Verizon will, however, continue to provide nondiscriminatory access to 911 and E911 databases, regardless of whether the requesting carrier has obtained unbundled switching. *See id.*

VIII. Interoffice Facilities (TRO Attachment § 3.5; see generally Triennial Review Order ¶¶ 359-418, 533-534)

In the *UNE Remand Order*, the FCC held that "incumbent LECs must offer unbundled access to their interoffice transmission facilities nationwide." 15 FCC Rcd at 3842, ¶ 321. That is, ILECs were required to unbundle both dedicated transport (*i.e.*, transport dedicated to the CLEC's use), 15 FCC Rcd at 3842, ¶¶ 321-322, and shared

 $^{^{13}}$ ILECs must still provide access to 911 and E911 databases. *Id.* at 17324, 17328-29, ¶¶ 544, 551.

transport, (*i.e.*, transport shared by more than one carrier). 15 FCC Rcd at 3862, ¶¶ 369-370. This obligation applied to both "lit" high-capacity transmission facilities, 15 FCC Rcd at 3842-43, ¶ 323, as well as to dark fiber, *id.* at 3843-46, ¶¶ 325-330.

In the *Triennial Review Order*, with respect to dedicated transport, the FCC determined that carriers are not impaired without unbundled access to OCn facilities, but that dark fiber, DS3, and DS1 transport facilities are presumptively subject to unbundling, unless the responsible state commission finds that requesting carriers are not impaired without such unbundled access. 18 FCC Rcd at 17199-200, ¶ 359; see also id. at 17213-16, ¶¶ 381-384 (dark fiber); id. at 17217-19, ¶¶ 386-387 (DS3); id. at 17221-23, ¶¶ 390-393 (DS1). As noted above, the FCC limited its definition of the "dedicated transport" UNE to only "those transmission facilities within an incumbent LEC's transport network, that is, the transmission facilities between incumbent LEC switches," thereby "effectively eliminat[ing] 'entrance facilities' as UNEs." *Id.* at 17203-04, ¶ 366 & n.1116. As to DS3 transport facilities, the FCC established "a maximum number of twelve unbundled DS3 transport circuits that a competing carrier or its affiliates may obtain along a single route." *Id.* at 17219, ¶ 388 (footnote omitted). For shared transport, the FCC found that impairment exists only where impairment exists as to circuit switching. See id. at 17319-20, ¶ 534.

Verizon's proposed language tracks these new requirements. Verizon will provide dedicated transport — both lit facilities and dark fiber transport — to the extent required by federal law. *See* TRO Attachment §§ 3.5.1, 3.5.3.1. As noted above, Verizon's definitions of dark fiber transport and dedicated transport, like the FCC's, are limited to transmission facilities between Verizon's switches. *See* TRO Attachment

§§ 2.2, 2.3. Consistent with the requirements established in the *Triennial Review Order*, CLECs can obtain unbundled access to dedicated transport at the DS1 and DS3 levels, up to a maximum of twelve DS3-equivalent circuits on any single route. *See* TRO Attachment § 3.5.2.2. The obligation to provide dedicated transport, whether DS1, DS3, or dark fiber, will end if the Commission makes a finding of non-impairment. *See id.* § 3.5.2.3, 3.5.3.2.

Verizon's proposed language implements the FCC's new rules, and should therefore be adopted.

IX. Combinations and Commingling (TRO Attachment § 3.6; see generally Triennial Review Order ¶¶ 569-589)

In the *UNE Remand Order*, the FCC required ILECs to provide access to a combination of unbundled network elements — loop and transport — known as the "Enhanced Extended Link," or "EEL." *UNE Remand Order*, 15 FCC Rcd at 3909, ¶ 480. In subsequent orders, the FCC restricted the availability of the EEL. Specifically, the FCC found that interexchange carriers ("IXCs") "may not convert special access services to combinations of unbundled loops and transport network elements," although this restriction did not apply where the IXC used "combinations of unbundled network elements to provide a significant amount of local exchange service, in addition to exchange access service, to a particular customer." Supplemental Order, *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, 15 FCC Rcd 1760, 1760, ¶ 2 (1999). In a later clarifying order, the FCC banned "commingling,"

¹⁴ In its Supplemental Order Clarification, *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, 15 FCC Rcd 9587, 9598-99, ¶ 22 (2000) ("Supplemental Order Clarification"), the FCC clarified what it meant by "significant amount of local exchange service."

that is, "combining loops or loop-transport combinations with tariffed special access services." *Supplemental Order Clarification*, 15 FCC Rcd at 9598-600, 9602 ¶¶ 22, 28. It also set out certain criteria that CLECs had to meet in order to be eligible to order EELs. *Id.* at 9598-600, ¶ 22.

In the *Triennial Review Order*, the FCC eliminated its restriction on commingling. 18 FCC Rcd at 17342-43, ¶ 579. It modified its rules "to affirmatively permit requesting carriers to commingle UNEs and combinations of UNEs with services (*e.g.*, switched and special access services offered pursuant to tariff), and to require incumbent LECs to perform the necessary functions to effectuate such commingling upon request." *Id.* ¹⁵ The FCC did not, however, require ILECs to engage in "ratcheting," *i.e.*, creating a new pricing mechanism that would charge CLECs a single, blended rate for the commingled facilities. *Id.* at 17343, 17345-46, ¶¶ 580, 582.

The FCC held that ILECs must provide loop-transport combinations (*i.e.*, EELs) where Verizon has an independent obligation under federal law to unbundle the individual elements. *Id.* at 17340-41, ¶ 575. The FCC also modified the eligibility criteria for such combinations. First, the CLEC must have a state certification of authority to provide local voice service. *Id.* at 17354, 17356, ¶¶ 597, 601. Second, the CLEC must show that it has at least one local number assigned to each circuit and must provide 911 or E911 capability to each circuit. *Id.* ¶¶ 597, 602. Third, the FCC set up additional circuit-specific architectural safeguards: each circuit must terminate into a collocation governed by § 251(c)(6) at an incumbent LEC central office within the same

¹⁵ The commingling requirement also applies to combinations of UNEs and services offered for resale under 47 U.S.C. § 251(c)(4). *Triennial Review Order*, 18 FCC Rcd at 17347-48, ¶ 584.

local access transport area ("LATA") as the customer premises; each circuit must be served by an interconnection trunk in the same LATA as the customer premises served by the EEL for the meaningful exchange of local traffic, and for every 24 DS1 EELs or the equivalent, the requesting carrier must maintain at least one active DS1 local service interconnection trunk; and each circuit must be served by a Class 5 switch or other switch capable of providing local voice traffic. *Id.* at 17354, 17356-61, ¶¶ 597, 603-611.

A requesting CLEC must certify that it meets the above criteria when it requests any relevant loop-transport combination. *See id.* at 17368, ¶¶ 623-624. ILECs have the right to "obtain and pay for an independent auditor to audit, on an annual basis, compliance with the qualifying service eligibility criteria." *See id.* at 17369, ¶ 626.

Consistent with these limitations, Verizon's proposed language provides that Verizon (1) will not prohibit commingling (to the extent it is required under federal law to permit commingling), and (2) will perform the functions necessary to allow CLECs to commingle any UNE or combination of UNEs with wholesale services that are obtained under a Verizon access tariff or a separate non-§ 251 agreement with Verizon (again, to the extent Verizon is required under federal law to do so). *See* TRO Attachment § 3.6.1. CLECs may obtain EELs only where the CLEC certifies that the FCC's eligibility criteria are met. *See id.* § 3.6.2.1. Verizon's specific language regarding certification (*id.* § 3.6.2.2) exactly mirrors the FCC's criteria (*Triennial Review Order*, 18

¹⁶ Verizon's language is in accord with the FCC's definition of "commingling": "By commingling, we mean the connecting, attaching, or otherwise linking of a UNE, or a UNE combination, to one or more facilities or services that a requesting carrier has obtained at wholesale from an incumbent LEC pursuant to any method other than unbundling under section 251(c)(3) of the Act, or the combining of a UNE or UNE combination with one or more such wholesale services." *Triennial Review Order*, 18 FCC Rcd at 17342, ¶ 579.

FCC Rcd at 17354, ¶ 597). Verizon has also included language specifying that there will be a price schedule for conversions (TRO Attachment § 3.6.2.3), that conversions will be performed manually according to Verizon's conversion guidelines (*id.* § 3.6.2.4), that there will be a retag fee where the conversion entails a change in circuit ID (*id.* § 3.6.2.5), and that requests for conversion will be handled as a project (*id.* § 3.6.2.6). Verizon retains the right to hire an auditor once a year to ascertain whether CLECs meet the EEL eligibility requirements. *See id.* § 3.6.2.7. Verizon also requires that CLECs maintain their records showing compliance with service eligibility criteria for at least 18 months after the service arrangement is terminated. *See id.*

Verizon's contract language implements the FCC's new rules, and therefore should be adopted.

X. Routine Network Modifications (TRO Attachment § 3.7; see generally Triennial Review Order ¶¶ 630-648)

In the *Triennial Review Order*, the FCC required ILECs such as Verizon to "make routine network modifications to unbundled transmission facilities used by requesting carriers where the requested transmission facility has already been constructed." 18 FCC Rcd at 17371-72, ¶ 632. "Routine network modifications" include "those activities that incumbent LECs regularly undertake for their own customers." *Id.* Examples include "rearrangement or splicing of cable; adding a doubler or repeater; adding an equipment case; adding a smart jack; installing a repeater shelf; adding a line card; and deploying a new multiplexer or reconfiguring an existing multiplexer." *Id.* at 17372-73, ¶ 634 (footnotes omitted). "Routine modifications, however, do not include the construction of new wires (*i.e.*, installation of new aerial or buried cable) for a requesting carrier." *Id.* at 17372, ¶ 632.

Verizon's proposed language requires Verizon to provide routine network modifications as necessary to permit access to loop, dedicated transport, or dark fiber facilities. TRO Attachment § 3.7.1. Routine network modifications include activities such as "rearranging or splicing of in-place cable at existing splice points; adding an equipment case; adding a doubler or repeater; installing a repeater shelf; deploying a new multiplexer or reconfiguring an existing multiplexer; accessing manholes; and deploying bucket trucks to reach aerial cable." *Id.* Where facilities are unavailable, however, "Verizon will not perform trenching, pull cable, construct new Loops or Transport or install new aerial, buried, or underground cable," *id.*, because such activities do not qualify as "routine network modifications" under the FCC's rules.

Verizon's proposed language implements the FCC's new rules, and therefore should be adopted.

XI. Non-Conforming Facilities (TRO Attachment § 3.8; see generally Triennial Review Order ¶¶ 339, 417, 532, 700-706)

The *Triennial Review Order* removed Verizon's obligation to provide CLECs with unbundled access to certain network elements that CLECs had been obtaining as UNEs. The Commission may further determine, pursuant to that order, that CLECs are not impaired without unbundled access to certain additional network elements. The amendment refers to such elements that Verizon is no longer required to provide as "Non-Conforming Facilities." *See* TRO Attachment § 2.15.

For some of these Non-Conforming Facilities, the FCC specified a transition period for CLECs currently obtaining the facilities as UNEs. *See, e.g., Triennial Review Order*, 18 FCC Rcd at 17318, ¶ 532 (establishing transition regimes for enterprise and mass-market circuit switching). For other Non-Conforming Facilities, however, the FCC

specifically declined to adopt a transition period, and instead provided that individual contract arrangements should govern. Id. at 17403-04, ¶ 701. The FCC determined that, to the extent a particular contract may require negotiation of an amendment to implement the new rules, the "practical effect" of the § 252 negotiation and arbitration process may be that parties are provided a transition. Id.

Verizon's amendment implements the FCC's explicit transition periods. Section 3.8.1.1 follows the transition period that the FCC mandated for mass-market circuit switching. Section 3.8.1.2, in turn, follows the transition period that the FCC mandated for enterprise circuit switching. Section 3.2.1.1, as noted above, implements the FCC's transitional regime for line sharing.

With respect to all other Non-Conforming Facilities, Verizon's amendment provides that, after Verizon has given notice to a CLEC that it no longer has an obligation under federal law to unbundle that facility, Verizon will nonetheless continue to provide access to the element, as though it were a UNE, for 30 days (or 90 days, for dark fiber). See TRO Attachment § 3.8.2. After that period, if the CLEC has not requested disconnection, Verizon would convert the Non-Conforming Facility into the most closely analogous access service. See id. If no analogous access service were available, the CLEC could then secure a substitute, non-§ 251 service that Verizon may offer under a separate wholesale agreement. See id. § 3.8.3. Only if the CLEC fails to do so, would Verizon then disconnect the service in question. See id.

Verizon's proposed terms for a transition period are consistent with the FCC's rules, and therefore should be adopted by this Commission.

XII. Pricing (Pricing Attachment and Exhibit A)

The FCC's new rules, particularly as to routine network modifications, require Verizon to provide services to requesting CLECs for which no prices have yet been established under existing interconnection agreements. Verizon has the right to be compensated at TELRIC prices for performing such services.

Accordingly, Verizon's draft amendment includes a Pricing Attachment, as well as an "Exhibit A" that sets forth prices for the various elements or services that Verizon is required to provide for the first time under the terms of the *Triennial Review Order*. Pricing Attachment § 1.2. Exhibit A includes prices for routine network modifications and for various activities related to providing commingling arrangements. For any elements or services not already contained in either Verizon's draft amendment or in CLECs' existing agreements, Verizon's amendment provides that the prices should be those approved (or otherwise allowed to go into effect) by the Commission or by the FCC. *See id.* § 1.3. Otherwise, the prices should be those agreed to by the parties. *See id.* § 1.4.

CONCLUSION

Verizon's proposed language fully and correctly implements the *Triennial Review*

Order. The Commission therefore should approve Verizon's draft amendment.

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